## Message Text

**SECRET** 

PAGE 01 BELGRA 00964 170855Z ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W

-----170859Z 075104 /13/53

R 161203Z FEB 77 CORRECTED COPY FOR TEXT FM AMEMBASSY BELGRADE TO SECSTATE WASHDC 9605

SECRET BELGRADE 964

INFO AMCONSUL ZAGREB

**EXDIS** 

CORRECTEDCOPY//PARTWO(2)////

FOR ASST SECRETARY HARTMAN FROM YORK

EO 11652: GDS

TAGS: ENRG TECH PFOR YO US SUBJ: KRSKO NUCLEAR LICENSE

REF: ZAGREB 120

1. I WISH TO BRING TO YOUR ATTENTION MY PROFOUND CONCERN THAT UNLESS WE MOVE URGENTLY TO RESOLVE KRSKO LICENSING QUESTION -- IN MY JUDGEMENT THE NUMBER ONE ISSUE IN OUR RELATIONS WITH YUGOSLAVS TODAY -- THERE WILL BE SERIOUS CONSEQUENCES FOR BOTH OUR LONG-TERM INTERESTS IN THIS COUNTRY AND IRONICALLY FOR OUR MULTILATERAL NON-PROLIFERATION OBJECTIVES AS WELL. WE HAVE SET FORTH OUR DETAILED THINKING IN BELGRADE 7348 WHICH I URGE YOU TO ENCOURAGE NYE, GELB AND OTHERS TO READ.

2. IN ADDITION I WAS STRUCK, IN RE-READING REPORT OF APPROACH BY SLOVENIAN PRESIDENT (ZAGREB 120), SECRET

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BY HIS HEAVY EMPHASIS ON POLITICAL GROUNDS FOR DECISION TO GIVE US KRSKO CONTRACT. TO BE SURE, THIS MAY BE SOMEWHAT EXAGGERATED. FACT THAT WESTINGHOUSE OFFERED TECHNICALLY ADVANCED AND SUITABLE PLANT, TESTED AND PROVED BY EXPERIENCE, PLUS FAVORABLE FINANCING PACKAGE WERE NO DOUBT IMPORTANT ELEMENTS IN FINAL DECISION. NONETHELESS MARINC'S BASIC POINT, THAT THERE

WAS POLITICAL CONTENT IN DECISION MAKING, SEEMS TO ME WELL TAKEN.

- 3. THIS IS ALL THE MORE REASON FOR URGENT ACTION ON LICENSING NUCLEAR EQUIPMENT FOR PLANT. FURTHER DELAY WORKS AGAINST OUR INTEREST IN DEMONSTRATING TO GOY RELIABILITY OF US GOVERNMENT AND OUR WILLINGNESS TO KEEP OUR WORD. GIVEN HISTORY OF PROJECT AND STRONG US GOVERNMENT COMMITMENT TO IT, YUGOSLAVS WOULD HAVE EVERY REASON TO GENERALIZE ROM THEIR KRSKO EXPERIENCE, INTO OTHER AREAS OF OUR RELATIONS. IN A FUTURE CRISIS, OUR CREDIBILITY WITH GOY COULD BE KEY TO THEIR BEHAVIOR. AND, JUST BECAUSE I SUPPORT OUR OVERALL NON-PROLIFERATION POLICY, I BELIEVE IT IS COUNTER-PRODUCTIVE FOR US TO TRY TO APPLY IT SO RIGIDLY AND MECHANICALLY IN CASE OF KRSKO; THAT WE DESTROY THE CHANCE KRSKO OFFERS TO GAIN YUGOSLAV SUPPORT FOR OUR WIDER NON-PROLIFERATION APPROACH.
- 3. I WOULD URGE YOUR PERSONAL INTERVENTION TO TRY TO SHAKE LICENSE LOOSE. IF LICENSE NOT FORTHCOMING SOON, I FORESEE SERIOUS CONSEQUENCES FOR US INTERESTS HERE, RANGING FROM POLITICAL TO COMMERCIAL, AND IN OUR EFFORT TO GAIN NON-ALIGNED SUPPORT FOR OUR NON-PROLIFERATION OBJECTIVES IN LEAD-UP TO YUGOSLAV-SPONSORED SPECIAL SESSION ON DISARMAMENT NEXT YEAR. YORK

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## Message Attributes

Automatic Decaptioning: Z

Capture Date: 01-Jan-1994 12:00:00 am Channel Indicators: n/a

**Current Classification: UNCLASSIFIED** 

Concepts: NUCLEAR REACTORS, NUCLEAR COOPERATION PROGRAMS, LICENSES

Control Number: n/a

Copy: SINGLE Sent Date: 16-Feb-1977 12:00:00 am Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW Disposition Action: RELEASED Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW

Disposition Date: 22 May 2009 Disposition Event:

Disposition Event:
Disposition Reason:
Disposition Remarks:
Document Number: 1977BELGRA00964
Document Source: CORE

**Document Unique ID: 00** Drafter: n/a

Enclosure: n/a Executive Order: GS Errors: N/A

**Expiration:** Film Number: D770055-0234

Format: TEL From: BELGRADE

**Handling Restrictions:** Image Path: ISecure: 1

Legacy Key: link1977/newtext/t19770238/aaaabgyy.tel

Line Count: 88 Litigation Code IDs: Litigation Codes:

Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3a1e4bc6-c288-dd11-92da-001cc4696bcc

Office: ACTION SS

Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a

Page Count: 2
Previous Channel Indicators: n/a Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: 77 ZAGREB 120

Retention: 0

Review Action: RELEASED, APPROVED Review Content Flags: Review Date: 11-Mar-2005 12:00:00 am

Review Event:

Review Exemptions: n/a **Review Media Identifier:** Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

SAS ID: 3311323 Secure: OPEN Status: NATIVE

Subject: KRSKO NUCLEAR LICENSE TAGS: ENRG, TECH, PFOR, YO

To: STATE Type: TE

vdkvgwkey: odbc://SAS/SAS.dbo.SAS\_Docs/3a1e4bc6-c288-dd11-92da-001cc4696bcc

Review Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009